

Decisions

Boycott threatens tv advertisers

page 57

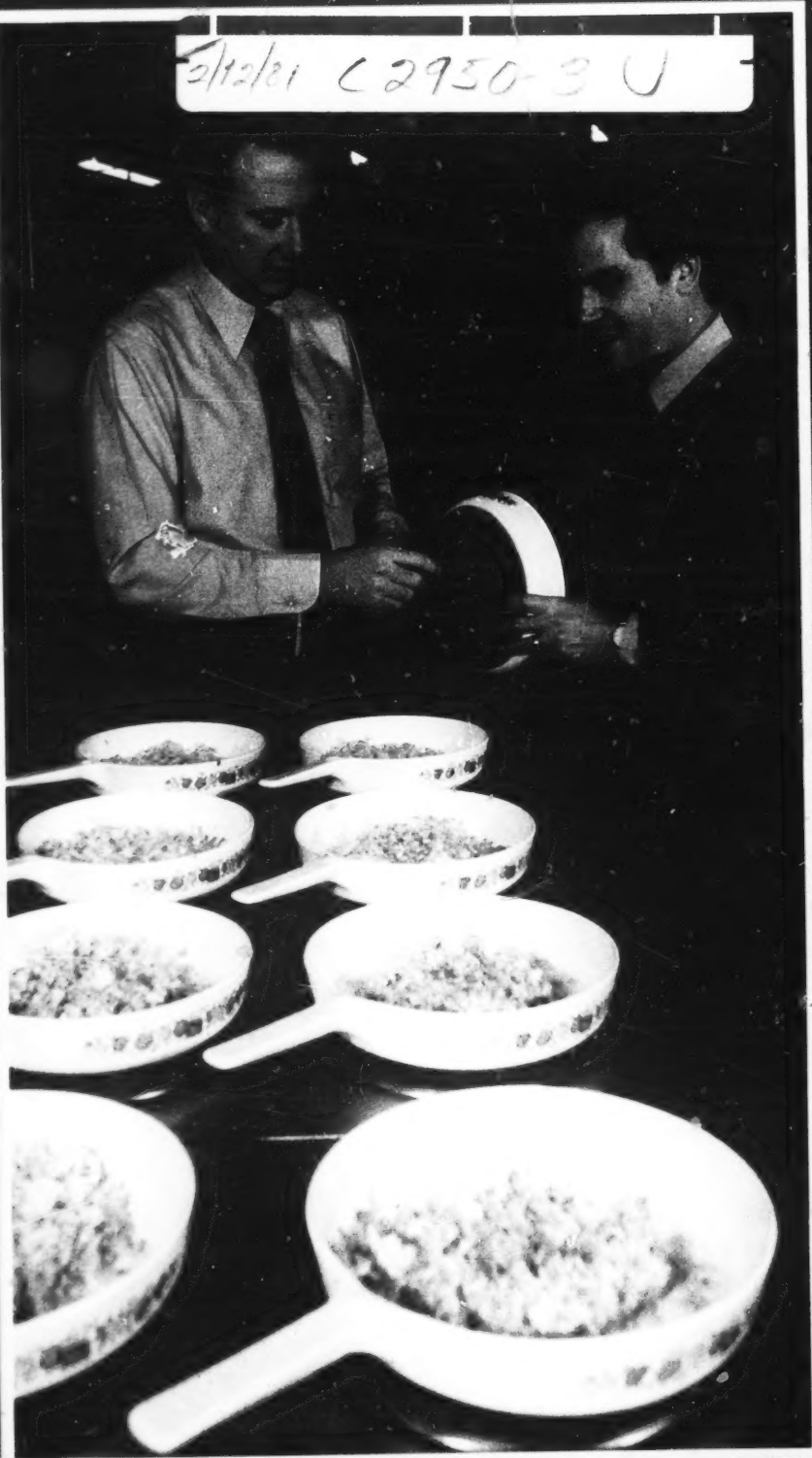
Newspaper preprints climb to \$1.8 billion

page 64

The under- advertised Hispanics

page 68

They brought Corning out of the oven: Guest Editor Dave Van Allen, vp-general manager, consumer products U.S.A., and Bruce Moore, product manager, with new line of Rangetoppers cookware.
page 66





CONTENTS

JANUARY 1981, VOL. 16, NO. 1

Guest Editor Dave Van Allen is vice president, general manager consumer products, U.S.A., Corning Glass Works.

Features

- 57 The new move to bridle tv**
Christian evangelical groups intent on ridding television of sex and violence are boycotting national advertisers' products. So far, General Food and American Home Products have been targeted, but there's more to come.
- 60 Testing, testing, testing**
Ira Weinblatt of Dancer Fitzgerald Sample offers a guide to 45 top test markets, and how to use them to best advantage.
- 62 Gourmet food feast**
Food prices are higher than ever, but the gourmet food market — and the media that serves it — is on an upward trend.
- 64 Preprints are clipping along**
Use of four color free standing inserts tripled during the last decade to become a \$1.8 billion business. Here's why.
- 66 Corning moves topside**
Top-of-stove Rangetopper cookware is part of Corning's aggressive new product drive. Guest Editor Dave Van Allen tells how it's being done.
- 68 Hispanics — an ignored market?**
Spanish-speakers now account for nearly 10% of the U.S. population, and their numbers are growing. But some advertisers aren't effectively reaching the market, and others aren't even trying.
- 70 Parking lot research**
In Detroit, license plate numbers are turning up some interesting research for retailers.
- 72 Marketing/Media Week 1980**
Jules Fine is our Mediaperson of the year, supported by a star-studded case of seminar faculty.
- 76 Ad readership holds its own**
- 115 Growth Markets of America**
- 139 Brand Report 61: Soft Drinks**

Focus on ...



The Moral Majority
(page 57)



John DuBois, Paddington Corp.
(page 62)



Ira Weinblatt, DFS
(page 60)

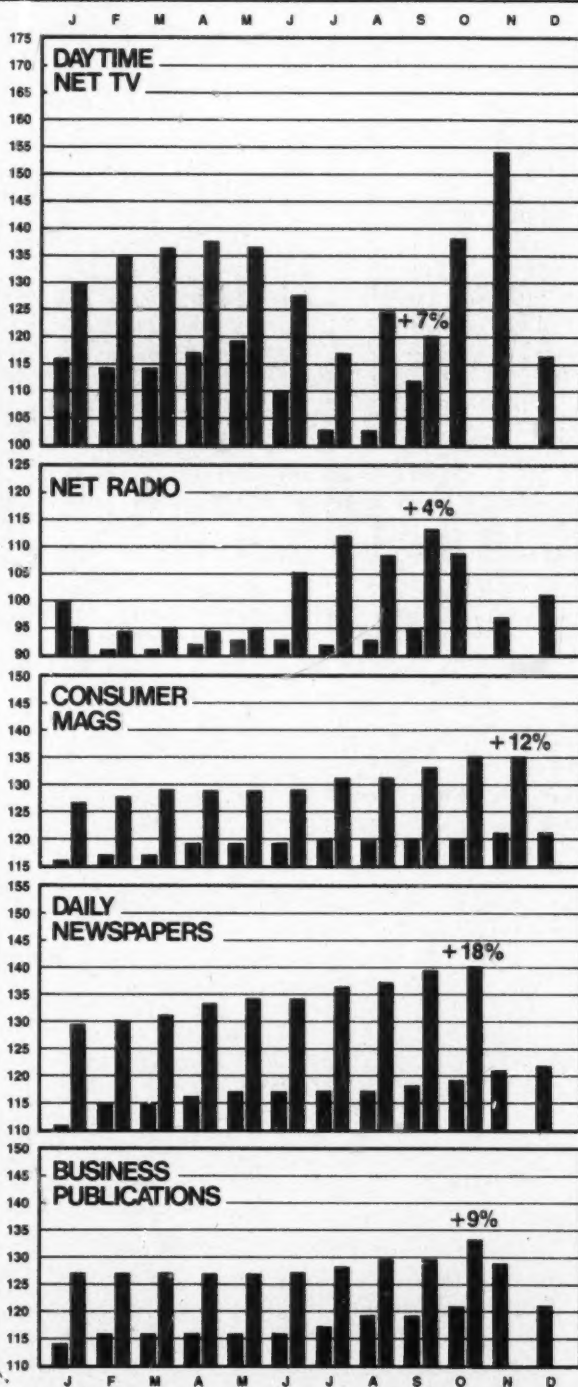
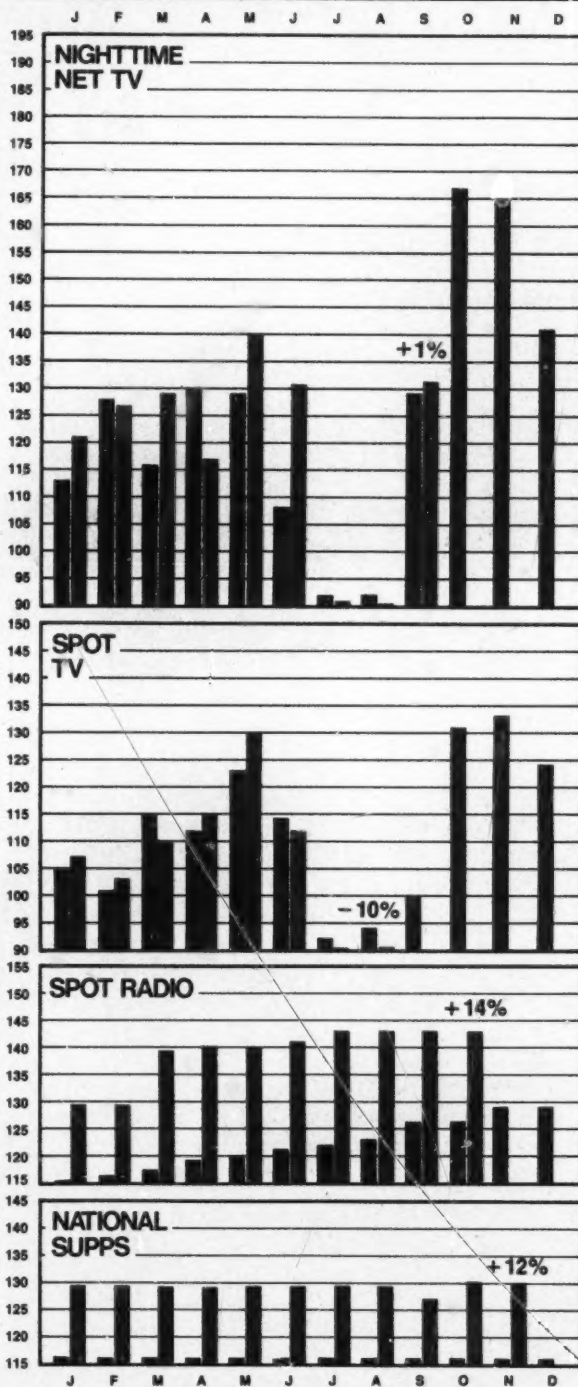
Departments

- 6 Focus on Marketing**
- 12 Cost Trends**
- 14 Quotes**
- 17 Print Beat**
- 18 Broadcast Beat**
- 20 Newsmakers**
- 30 New in Media**
- 38 Cablesan**
- 42 Assignments**
- 44 Update**
- 48 Futures**
- 52 D.C.**
- 154 Homework**
- 160 Mailbag**
- 162 Guest Editorial**
- 164 Progress Report**
-
- 78 As We See It**
- As They See It**
- 80 Mediology**
by Ed Papazian
- 86 Marketing**
by Joe Ostrow
- 88 Cable Etc.**
by Nancy Clott
- 90 Radio**
by Sheldon Taule
- 90 Newspapers**
by Roger Bumstead
- 92 Consumer Magazines**
by Greenberg
- 96 Television**
by Madelein Nagel
- 96 Out-of-home**
by Bob Flood
- 98 Agri-media**
by Mel Dolinky
- 100 Business Press**
by Henry Platek
- 101 Media Research**
by Gabe Samuels

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MEDIA COST INDEX

Black bars index for 1979; red bars 1980; base year 1977
Prepared by J. Walter Thompson Media Department



METHODOLOGY: The Media Cost index reflects industry reported trends extracted from available published sources. JWT Media Analysis utilized standard competitive report sources to develop comparable unit costs that reflected monthly cost trends by medium. Where industry competitive sources are unavailable, JWT sampled selected cost data from SRDS. Definition of the sources, universe, and media units used follows: **SOURCES:**

Nighttime Network TV/BAR estimated commercial minute cost for all Night-time Network TV (6 PM to sign-off). **Daytime Network TV/BAR** estimated commercial minute costs for all Daytime Network TV (Sign-on to 6 PM). **Spot TV/BAR CUME** National Spot TV Report for estimated commercial minute costs for all national and regional Spot TV activity in 75 markets. **Network Radio/BAR** Network Radio Report used to estimate all three network (Exclud-

ing MBS) commercial minute cost. Attention: Due to a change in BAR's source for commercial minute cost we are now using Jan. 1979 as a base for new index. **Spot Radio/JWT** estimates based on reported SRDS cost of one minute on one station per market in the top 50 RAD markets. **Consumer Magazines/JWT** estimates based on reported SRDS cost of a P4/C for 30 national consumer magazines based on circulation. **National Supplements**

COST TRENDS

a Decisions analysis

Outdoor advertising cost estimates move back into our pages for the first time this year (see chart below). They were dropped because of unavailability of data. But now — thanks to the Buyers Guide to Outdoor Advertising, published by F. R. Cawl & Assoc. — we are able to furnish them along with the charts of cost trends for other major media.

The new estimates are based on costs of a Top 50 Showing in the top 50 markets. The base year for this index is 1977. Index 100 is the cost per panel in each month in the year 1977. Index 136 for June 1980 indicates, therefore, that costs in June 1980 were 36% higher than in June 1977, the base year.

Actual dollar figures are also made available by the Buyers Guide to Outdoor Advertising for a Top 50 Showing in top 50 markets. They indicate a rise from \$558,877 in January 1977 to \$862,949. Cost per panel required to achieve a Top 50 Showing rose during that time from \$167.30 to \$226.82 — plus 36%.

That's an increase of only about 12 percentage points a year — close to the rate of inflation. Poster plant operators' costs, like everyone else's, have been rising steadily during that time. But they have apparently done a good

job of keeping their operating costs in line.

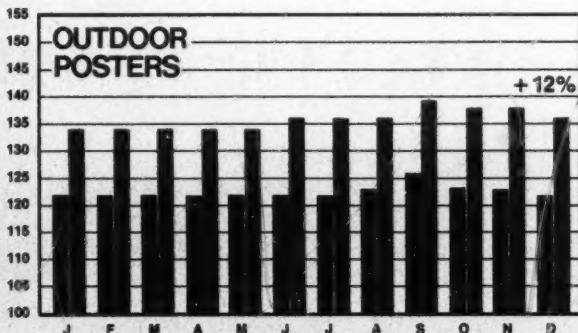
Rates and number of panels required in each market to make a Top 50 Showing are updated constantly in Cawl's reports. The Top 50 Showing is number of panels with various hours of lighting required to reach approximately 50% of the market.

Outdoor values have continued to hold up in spite of dire warnings as gas shortages and swollen gas prices have threatened to drive the drivers off the roads. It hasn't happened — and won't in the foreseeable future.

Even if mass transit and car pools are required in future years, Americans will still be mobile. They will be exposed to outdoor posters as they go to work, return to their homes, go shopping, travel to sports events, travel across country in vacation time.

New kinds of outdoor have arisen to make the medium more impactful than ever — back-lighted signs, rotated bulletins, cut-out sections and inflatable portions to add dimension. These new shapes and extensions are not represented as yet in the cost figures on this page.

The index is based only on the most measurable portion of outdoor advertising — the 30-sheet poster panels.



Source: Buyers Guide to Outdoor Advertising, 1980-81. Costs of Top 50 Showing in top 50 markets.

JWT estimates based on reported SRDS cost of a P4/C for 3 newspaper distributed magazines. Daily Newspapers/JWT estimates based on reported SRDS cost per square line for the largest metropolitan daily in the top 50 SMSA markets. Business Publications/JWT estimates based on reported SRDS cost of a P4/C for 46 magazines representing 42 business and professional classifications. Posters/IOAA reported rate card costs extracted from the

Buyers Guide To Outdoor Advertising for a 50-showing in the top 100 metropolitan markets as defined by Sales Management. HOW TO READ: Media Cost Index reflects latest available cost compared to base of average year 1977. Percent change reflects annual rate of change and is based on latest available month compared to same month previous year.

THINK HEARST FIRST



50 million readers turn to these 7 quality Hearst magazines every month. Start a Hearst Corporate Buy with any 3 magazine combination. Save up to 13% over and above other discounts. Call Judd Vear now at 212/262-3350.

THE HEARST CORPORATE BUY

224 West 57th St., N.Y., N.Y. 10019
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FUTURES

Postal sacks will bulge next year with direct mail

Continued growth for direct marketing business in 1981 is forecast by specialist Maxwell Sroge Co., Chicago. Early indications from 1980 point toward an extension of the mail order growth rate which exceeds that of traditional retailers from 50% to 100%.

The Sroge consulting group projects

come the store. Then it will gradually be replaced by cable tv plus-video disc and video cassette presentations.

Jumping the band wagon for home electronics

Predicting the future of home electronics has become something of a fad, and few research organizations are able to resist the temptation to perform

grow at a 21% rate annually to reach \$40 billion by 1995.

Catv is expected to reach a 90% household penetration, and two-way interactive cable will reach nearly 70% of homes.

Videodisc penetration is projected to climb 53% annually, with seven million units in households valued at \$1.5 billion by 1995.

Of the entire home electronics market, the computer device segment harbors some of the most interesting developments envisioned by Predicast analysts. Electronic games will represent an \$800 million market, with another \$1 billion projected for related software.

Implication for next 15 years: standard entertainment and current awareness media will gradually yield market share to many other services.

TOP 10 MAIL ORDER PRODUCT CATEGORIES

	(\$000's)
1. Insurance	4,000,000
2. General Merchandising/Home Furnishings/Housewares/Gifts	2,700,000
3. Magazine Subscriptions	1,900,000
4. Books	1,388,000
5. Ready-To-Wear	1,340,000
6. Collectibles	920,000
7. Sporting Goods	780,000
8. Crafts	550,000
9. Foods	500,000
10. Records And Tapes	478,000

Source: 1980/1981 Maxwell Sroge Co. Mail Order Industry Annual Report

growth through 1990, reaching a point where one out of every two retail dollars spent will be in non-store purchases. According to Arnold Fishman, president of the consulting group, the main reasons for the expansion are:

- 1) Dramatic increase in working women.
- 2) Equally dramatic growth in what he refers to as "totally-employed households" — those in which all adult members are employed.
- 3) Failure of traditional retailers to provide adequate service and product information.

Trend toward direct marketing, the report states, is exemplified by the decision of RCA, Armstrong Cork, CBS and Xerox to develop direct marketing. **Sroge predicts** the catalog will be-

their own wizardry on the topic. Latest to join the prognosticating throng is Predicast, Inc. Cleveland, with the following:

- (1) "By 1995, the average household will be spending \$2,000 annually on a variety of electronic products and services.
- (2) "They will be combined into sophisticated systems used for communications, entertainment, education and environmental monitoring.
- (3) "The national retail market by 1995 can be expected to run at about \$200 billion. Communications services will be the biggest piece of that pie."

Predicast expects telecommunications to account for 75% of the revenues, but pay television is forecast to

Toyota may be a small car, but it's a big sport

Whether or not Toyota is allowed to bring fewer cars into the U.S., it most certainly will put more footballs on the television screen in 1981.

Jim Press, national advertising manager for Toyota, says sponsorships will include NFL football games on CBS and college bowl games, along with four hockey teams, 31 baseball teams and 11 basketball teams, including the NBA champion Los Angeles Lakers. Toyota will continue its sponsorship of the Grand Prix auto races at Long Beach and Watkins Glen.

Press observes that "a survey of dealers shows they feel football is the number one sport to be associated with, so we went out and got it." Also added will be sponsorship of ABC's *Nightline News*.

Toyota will expand print in 1981 to include *Cosmopolitan* and *New*

Ad readership will hold its own in 1981

This is part two of report by J. Wesley Rosberg, senior vp-Meldrum & Fewsmith, Inc., Cleveland, giving the who, where, when of 1981 ad readership. Part one was published in December *Decisions*; and there will be a follow-up of late listings in February. More issues of more publications than ever before are scheduled for this year. Added for the first time are issues of consumer magazines that will offer ad readership scores.

Publishers are apparently looking for a reasonably good year in 1981 — if their commitments to ad readership studies are any criterion. 1980 was a banner year for the number of publications that did studies and the number of individual studies completed, based on our tracking for over 25 years. Now, reports received to date indicate that at least as many publications will do an equal number of individual issue studies in 1981.

The accompanying table indicates the numbers of publications which did studies in 1980 and what our records show are now scheduled for 1981.

While these figures indicate an ap-

parent drop off in terms of total studies in 1981, bear in mind that the 1980 figures are a reasonably accurate reflection of completions, where the 1981 figures are subject to change. Experience indicates that the changes are generally upward. For example, in our listings for *Wall Street Journal* and *Nation's Business* we show only the first half schedules. Historically these two publications do an equal number of studies in the second half. They, alone, could add 32 studies to our bottom line totals. Additionally, 37 publications which did 63 studies in 1980 have not yet been able to give us firm commitments for 1981. Some of these



we hope to be able to report on in an addendum listing in February.

Each year we think that the number of individual services doing ad readership studies has reached the saturation point, but each year we end up with a new crop. These expansions reflect new companies coming into the business as well as the proliferations of services by existing companies, and the development of publishers' "in-house" studies.

In the various publication listings that appeared last month, and following in this article you will find references to five new services this year:

Ad Marks, an "in-house" mail study done by EW Communications on *Microwave Systems News*.

AdVantage, a commercial service performed by Health Industries Research which involves post-testing by means of a rotating portfolio of ads mailed to a cross section of the publication's target audience.

Nova, a service of Nova Research, a new company run by Alan Cobb, formerly with McGraw-Hill.

Laser Focus, an "in-house" service of Laser Focus Magazine.

Continued on page 104

Number of studies 1980 vs 1981

Publication class	1980 actual		1981 scheduled	
	Publications	Number of studies	Publications	Number of studies
Consumer publications	57	297	60	300
General business, management and news publications	18	274	17	239
Specialized business publications	302	1083	292	1088
Health care publications	44	155	44	130
Farm publications	26	31	26	37
Canadian publications	9	16	8	17
TOTALS	456	1856	447	1821

University Study, a special type of readership study developed by Harvest Publishing in conjunction with an unnamed university.

One service, Ad Point used by Medical Economics Publishing on its now

defunct, *Current Prescribing*, has been dropped from the list as has Beta Research's "RAP" studies previously done for *Resident & Staff Physician* and *Surgical Rounds*.

With these adjustments we now have 46 different types of advertising readership studies being performed. Unfortunately space does not allow for

us to describe each of these services. Shown below are some corrections on the listings which appeared in the December issue of *Decisions*. These are followed by new listings. Thanks to the good cooperation of Dr. Morgan Neu of Starch-Inra-Hooper we now have an almost complete rundown on schedules for consumer magazines.

CORRECTIONS TO DECEMBER LISTINGS

Specialized business publications

Chemical Engineering — Harvey: Change March 29 study to March 9
Decorating Retailer — Readex: Eliminate September study; Add November
Design News — Cahners: Add January 5 and 19
Farm & Power Equipment (correct service designation) — Readex, Red Sticker: October
Home & Auto — Readex, Red Sticker: May 1, August 1. (Dates previously omitted)
Plastics World — Cahners: Cancel June, Add July.
Poultry Tribune — Readex Red Sticker: May, has been cancelled.
Solar Quarterly — Readex Red Sticker: Correct date should be March 19.
Transport Topics — (correct service) Should read Ad-Q: Feb. 23, May 11, July 27, Oct. 19

Ad Readership Digest

A complete description of the 46 different readership services, along with a calendar of study dates by publications, and costs of reports, are included in the 1981 Edition of Meldrum and Fewsmith's Annual Advertising Readership Digest. Copies are available by sending check for \$10.00 per copy to: Research Department, Meldrum and Fewsmith Inc., 1220 Huron Road, Cleveland, Ohio 44115.

Publication merger and name change

Effective January 1, 1981 *Water & Sewage Works* and *Water & Wastes Engineering* are being merged. Eliminate previous studies shown for *Water & Wastes Engineering*. Correct listing for the merged publication will be: *Water Engineering & Management* — Fosdick: January, April, July, October

Consumer magazines

Ebony — Starch: Add December
Glamour — Starch: Eliminate February
Seventeen — Starch: Eliminate January, add February

General business, management and news publications

Fortune — Add Starch: Feb. 9, March 9, April 6, May 4, June 15, Sept. 21, Oct. 18, Nov. 16. (Previous listings of Harvey Adverbatims dates still apply)
Newsweek (New York Metro Edition) — Starch: Correct date from May 13 to May 11.

Farm publication

California Farmer — Readex Red Sticker: March 21 has been cancelled.
Progressive Farmer — Readex Red Sticker: delete March; add mid-April (Mid-west soybean edition).

Health care publication

Diagnostic Medicine — MI-Q: Correct dates are May/June, November/December

ADDITIONAL 1981 LISTINGS

Specialized business publications

American Shipper — Ballot: April
Aviation Week & Space Technology — Harvey: Feb. 9, May 18, July 13, Aug. 17, Sept. 28

Beverage World — Ad-Q: January, July, October
Broadcast Communications — Adv. Performance: February, December
Builder — Ballot: March, July, September
Butane-Propane News — Ad-Q: January
Datamation — Ad-Q: February, March, May, July, October, November
Drilling — DCW — Readex: March
Electronic Products Magazine — Starch: February, August
In-Plant Reproductions — Ad-Q: March
Interior — Ad Sell: March
Lawn and Garden Marketing — Ad-Q: October
Microwave Systems News — Ad Marks: February, April, July, October, December
Office Products News — Starch: June, October
Office World News — Starch: March 1, July 15
Package Printing — Ad-Q: February
Pest Control — Readex: February, September
Plastics Compounding — Hagen-ARS: Jan/Feb.
Plastics Design Forum — Hagen-ARS: Jan/Feb.
Power — Ad Feedback: May, October
Printing Impressions — Ad-Q: February
Processed Prepared Food — Harvey: March, November
Production — Harvey: January, April, July, October
Production's Manufacturing Planbook — Harvey: Mid-April
Railway Age — Simmons: Jan. 26, May 25, Sept. 14
Railway Track & Structures — Simmons: March
Restaurant Business — Ad Sell: February, June, October
Science — Ballot: April 17, July 17, Oct. 9, Dec. 11
Telecommunications — Readex: July, December
Weeds, Trees & Turf — Readex: March, August
Wire Technology — Fosdick: July/August

General business, management and news publications

Business Week — Starch: Jan. 12, 19, 26, Feb. 2, 9, 16, 23, March 2, 9, 16, 23, 30, April 6, 13, 20, 27, May 4, 11, 18, 25, June 1, 8, 15, 22, 29, July 6, 13, 20, 27, August 3, 10, 17, 24, 31, Sept. 7, 14, 21, 28,

October 5, 12, 19, 26, Nov. 2, 9, 16, 23, 30, Dec. 7, 14, 21, 28
Business Week (Industrial Edition) — Starch: Jan. 12, 19, 26, Feb. 9, 16, 23, March 9, 16, 23, April 6, 13, 20, May 4, 11, 18, June 1, 8, 15, 29, July 6, 13, 27, August 3, 10, 24, 31, Sept. 7, 21, 28, Oct. 5, 19, 26, Nov. 2, 16, 23, 30, Dec. 14, 21, 28
Forbes — Starch: Jan. 5, Feb. 16, March 16, April 13, 27, May 11, Sept. 14, 28, Oct. 12, 26, Nov. 9, 23
Nation's Business — Harvey: February, April, June, 2nd half TBA
Output — Harvey: January, February, June, August, October, December
Scientific American — Starch: January, September
Sports Illustrated — Starch: Jan. 12, Feb. 2, April 6, 20, May 11, June 1, 29, July 13, Aug. 31, Sept. 7, 14, Oct. 12, 19, 26, Dec. 7, 28
Time — Starch: April 13, May 11, Nov. 9, Dec. 7
U.S. News & World Report — Starch: Feb. 23, March 30, April 20, June 8, Sept. 14, Oct. 12, Nov. 16 (National edition)
U.S. News & World Report (Blue Chip Demo.) — Starch: Mar. 30, June 8, Oct. 12
U.S. News & World Report (Million Market Edition) — Starch: April 20, November 16
Wall Street Journal — Starch: Jan. 7, 12, 20, 23, 27, Feb. 3, 6, 10, 19, 24, March 4, 10, 16, 19, 24, April 2, 8, 14, 21, 29, May 5, 11, 15, 20, 26, June 2, 9, 17, 23, 2nd half dates TBA

Consumer publications

Better Homes & Gardens Kitchen & Bath Ideas — Starch: Spring, Winter
Better Homes & Gardens Kitchen & Family Room Ideas — Starch: 1981 edition
Better Homes & Gardens Remodeling Ideas — Starch: Spring, Fall
Book Digest — Starch: March, October, December
Boston Magazine — Starch: October, November
Co-Ed — Starch: April, September
Cosmopolitan — Starch: March, April, May, June, September, October, November, December
Essence — Starch: February, October
Family Circle — Starch: TBA
Family Weekly — Starch: TBA
Field & Stream — Starch: April, October
Golf Digest — Starch: February, May
Good Housekeeping — Starch: February, March, April, May, June, July, September, October, November, December
Hot Rod Magazine — Starch: April, May
House & Garden — Starch: February, March, April, May, September, October, November
House & Garden Building & Remodeling Guide — Starch: March/April, September/October
House Beautiful — Starch: March, April, May, September, October, November
Mademoiselle — Starch: August
McCall's Magazine — Starch: March, April, May, October, November, December
Mechanix Illustrated — Starch: April, May, November
Motor Boating & Sailing — Starch: January
National Geographic Magazine — Starch: April, May, September, October, November

New York Times Magazine National Economic Survey — Starch: Jan. 11
New York Times Fashions of the Times — Starch: Mar. 1
New York Times Magazine Men's Wear Section — Starch: Mar. 29
New York Times Sunday Travel Section — Starch: Mar. 15, 29, Apr. 12, May 3, June 14, Oct. 18, Nov. 22
Parade — Starch: Jan. 4, 18, Feb. 1, 15, March 1, 15, 29, April 12, 26, May 10, 24, June 7, 21, July 5, 19, Aug. 2, 16, 30, Sept. 13, 27, Oct. 11, 25, Nov. 8, 22, Dec. 6, 20
Philadelphia Magazine — Starch: TBA
Playboy — Starch: January, March, April, May, June, September, October, November, December
Popular Mechanics — Starch: March, April, May, September
Redbook Magazine — Starch: March, October
Senior Scholastic — Starch: Sept. 21
Stereo Review — Starch: February, April
Sunset — Starch: February, March, April, May, June, September, October, November, December
Tennis — Starch: June
Vogue — Starch: April, November
Yachting — Starch: January

Farm publications

Farm Industry — Ballot: February
Farm Journal (Illinois, Indiana and Iowa editions only) — In-House Study: Mid-January, March, June/July, August, October, December

Canadian publications

Heavy Construction News — Starch: Feb. 16
Maintenance Engineering/Management — Ad-Q: April, October

Health Care Publications

AANA Journal — Inter-Ad: April
AAR Times — Inter-Ad: March
Clinical Chemistry News — Ballot: February, September
Clinical Chemistry — Ballot: March, May
Consultant — Space: January, April, July, October
Drug Topics — ReAdspense: March 6, June 5, Sept. 4, Nov. 6
Medical Economics — ACT: April, August, December
Medical World News — Ad-Vise: Jan. 5, March 2, May 11, July 6, Sept. 1, Dec. 1
Ophthalmic Surgery — Inter-Ad: February, September
Orthopedics — Inter-Ad: February, June, September
Postgraduate Medicine — Adv. Performance: February, May, August, November
RN Magazine — RN AD Evaluation Studies: March, July, October
Respiratory Care — Inter-Ad: August
Southern Medical Journal — Inter-Ad: February, June
U.S. Pharmacist — AdVantage: January, May, August, November

NEWSMAKERS (from 251)

Rondo Beverage Corp., a wholly-owned subsidiary of Schweppes U.S.A. Ltd., appoints **Keith Marshall Jones III** vp/marketing. Jones leaves Anheuser-Busch, where he was marketing manager for new beverage products. At Rondo, Jones will oversee marketing, advertising and promotion for the company's lightly carbonated citrus-flavored soft drink.

Joan Hamilton becomes senior planner at Ayer Jorgensen MacDonald, a Los Angeles-based division of N W Ayer ABH International. Hamilton, who moves over from Webb & Silberg/L.A. where she was media director, will supervise planning on Beckman Instruments, First National Bank of Nevada, Yamaha and Trans-america.

Chateau & Estate Wines Co., a House of Seagram company that imports French, German and Italian wines as well as Sandeman ports and sherries, names **John W. Laird** vp/marketing. The new position is a promotion from Laird's previous position.

Edwin F. McDonald Jr. leaves Albert Frank/FCB to become vp/director of direct response division of Doremus & Co.

Howard H. Marsh advances from vp/senior associate of Vitt Media International to group vp, management representative and executive director of the firm's broadcast buying unit. He is a former president of Atwood Richards Inc., a media buying and barter company.

United States Gypsum Co. names **Donald F. Sittnick** product manager for its chemicals division. Sittnick has been at US Gypsum since 1977, serving as manager for administration and budget control.

E. Dale Price joins the media department at D'Arcy-MacManus & Masius/St. Louis, as a senior buyer for the Mercantile Bancorporation account. She is a former media buyer for Stix, Baer & Fuller.



From an Owens-Illinois glass container division ad

Brand report 61:

Soft drinks

Coming off two peak spending years, soft drink marketers could look forward to little respite from clamorous competition that has characterized the industry in recent years. Television continues to be the key medium, but network radio and magazines are attracting attention for those seeking ways to segment their markets.

The soda pop war is escalating.

What was once the domain of the two soft drink super powers is now the battle ground for at least four major U.S. corporations, with a fifth getting ready for a substantial onslaught.

Coca Cola, USA, and Pepsico had long dominated the soft drink market. But more than a minor skirmish was brewing when Philip Morris, owner of Miller Beer, added Seven-Up to its stake in the beverage business in 1977.

The rumble of the marketing militia became more evident this summer when Procter & Gamble outbid Dr Pepper for the purchase of Crush International. And the power of Anheuser-Busch was becoming evident this year despite a false start with Chelsea, as A-B developed momentum for its new root beer, Root 66.

Other factors that will affect the soft drink market in the near future are ITT's C&C Cola, which is moving na-

Leading soft drink media spenders in 1979

Brand	Total	Magazines	Network tv	Spot tv	Spot radio	Outdoor	Newspapers
Schweppes	\$ 5,273,400	—	\$ 472,300	\$ 4,499,100	\$ 2,500	\$ 180,500	\$ 123,000
Coca Cola	46,169,200	\$1,037,800	19,072,500	19,263,800	3,598,800	2,532,700	883,600
Sprite	10,007,400	149,200	3,886,000	5,757,400	245,300	180,000	128,500
Dr Pepper	11,383,800	—	3,679,500	5,474,400	1,315,200	470,300	425,200
Sunkist	8,036,000	—	—	7,946,800	4,100	18,700	65,600
Canada Dry	6,709,800	1,067,500	2,030,800	2,618,600	279,000	73,100	661,000
Mountain Dew	6,295,700	—	1,705,200	5,623,500	385,000	48,500	35,500
Pepsi Cola	28,338,700	214,800	13,025,300	23,026,100	2,328,300	444,200	420,000
Seven-Up	28,338,600	432,900	19,118,400	3,330,100	1,176,300	1,873,100	2,405,900
Royal Crown	7,599,000	38,100	1,721,500	5,548,900	141,600	23,800	44,300
A&W	4,094,000	80,200	609,600	2,491,400	700,300	1,500	205,000

Source: Leading National Advertisers, Radio Expenditure Reports, Media Records.

tional from a well planned regional base, and King Cola, which now has 20 of its 24 projected "kingdoms" assigned to franchisees. Not to be overlooked are the swiftly established Sunkist, and the move east of A&W.

That's a lot of activity for a market that is growing at about 4% a year.

But even more astonishing is the yearly growth rate for media expenditures, which has been running at about 30% since 1977. Last year, the six media total measured by Leading National Advertisers reached \$188,746,800. With spot radio and newspapers added in, the figure soars above \$200 million. First half expenditures for 1980 suggest a total in excess of \$230 million in measured media, with the growth rate down to a "mere" 12%.

In addition to increased competition, soft drink bottlers face problems in the rising cost of sugar, cans and bottles, and distribution.

Martin Romm, vp. of the brokerage house Donaldson, Lufkin and Jenrette, recently told a meeting of New Jersey bottlers that "by necessity, bottlers will have to find ways to distribute their products more efficiently." He recommended advance sales and the possible elimination of some marginal accounts.

On the bright side of the ledger, the threat of an FTC move to dismantle the existing franchise system was removed last year. The soft drink franchise bill was passed by both House and Senate by sizeable majorities and signed into

law by the President. The action made moot an FTC challenge to the system's legality.

In 1980, the major battle in soft drinks raged between Coke and Pepsi, as Coke indulged in a wild streak of price cutting in an effort to undermine Pepsi's strength in supermarket and retail carry-out sales. This strategy apparently worked, as Coca-Cola was able to reduce Pepsi's Nielson share lead from 2 points to 1/10 of a point by late fall.

Pepsi Cola's management has gone on record as saying it won't respond to price cuts to meet the Coke threat, but if Pepsi's supermarket lead continues to erode, it may have to resort to similar tactics. Meanwhile, Pepsi will continue its effort to win more vending machine and fountain business, where Coke, remains the unchallenged leader.

The factor of flavor is also expected to play a strong role in 1981, as soft drink companies push efforts to be fully represented in all popular flavor categories.

The overall prognosis for the carbonated soft drink market is continued heavy media expenditures, particularly by Coke and Pepsi, and anyone who wants to compete with them. Even for regional brands, the media cost of staying in business will constantly expand.

Here's how the various marketing battle strategies are shaping up.

Coca Cola

Top notch creative and the top spending laurels still characterize the

Coca-Cola marketing stance in its advertising. The Coke creative position puts the product first, and keeps it there. Coke gained considerable attention last year with its Mean Joe Greene commercial, in which an admiring kid offers the Pittsburgh Steeler defender his Coke after Mean Joe has had a tough game.

In media spending, Coke nearly doubled its outlay in a three year period, jumping from \$24,914,200 in 1977 to \$46,169,200 in 1979. Television accounted for 90% of the '79 total, with \$19 million each going into network and spot television. Spot radio got \$2.6 million, and outdoor \$2.5 million.

Coke's spending in the first half of 1980 ran about 10% ahead of 1979, most of which went into network television. Coke also used magazines in the first half, which hadn't been utilized the year before.

Albert E. Davis, media coordinator for Coca-Cola USA, explained that the apparent increase in network tv in the first half of the year was due to time purchased in the winter Olympics. Otherwise, the mix didn't vary from the previous year.

In 1981, the only change from the established media pattern will be the use of network radio, for the first time. The buy includes time on NBC's Source, its youth network package, and a special network package created by ABC. The keystone of Coke's use of network radio in 1981 will be the sole sponsorship of 20 rock concerts,

which will push all the major brands, Coke, Tab, Sprite and Mello Yello.

Davis said that no major changes are contemplated in the television creative campaign for Coke.

Pepsi Cola

1980 was a big year for Pepsi Cola. It rolled out a new campaign, tagged *Catch that Pepsi Spirit*, created by BBDO, and outspent Coca-Cola in the first half of the year.

There was good reason for Pepsi to be expansive in its marketing and advertising. It had surpassed Coke in supermarket and takeout sales and was riding high.

Where Coke was holding the line in media spending in a recessionary year, Pepsi decided to go all out. Alan Pottasch, senior vp, creative services commented on the wisdom of doing just that: "Trying to save money on advertising in a recession is like trying

to stop your watch in order to save time," he said.

Pottasch also had some things to say about the differences between Coke and Pepsi advertising. "The difference is that we depict a more believable person. You won't see a person pushing the product toward the camera, as was done in the most recent Seven-Up commercials. In my view, that was just not believable. The same is true of Coke, *Have a Coke and a smile*. Coke is the hero of the piece, not the user."

Of the recent *Catch the Pepsi Spirit* commercials, he said. "I think people remember better, associate better, and want to be a part of that scene. Our focus groups replay that feeling."

Pepsi Cola announced a \$40 million campaign for 1980, of which close to \$30 million went into network television. That was a stark change from previous years, in which Pepsi spent

the bulk of its television dollars in spot markets. The ratio in 1979 had been \$23 million in spot, and \$13 million in network.

Pepsi also adapted its *Spirit* campaign for spot radio, which played a role in Pepsi's effort to strongly challenge Coke's supremacy in vending and food service channels.

Pepsi is continuing to use its Pepsi Challenge taste test theme in selected markets. It most recently surfaced in Texas.

Pepsi's Henry Hayes declines to discuss plans for 1981, but Pepsi probably will continue to spend at heavy levels to hold its supermarket lead, and take what business it can from Coke in the vending machine and food service business.

Seven-Up

Even after its acquisition by Philip Morris, Seven-Up has been hard



Pepsi Cola's "Catch that Pepsi spirit" campaign on television used vignette dramas to capture attention, as in this scene from the "Skywriter" commercial.

pressed to hold its number three position among the industry leaders. Dr Pepper execs say they took third place in 1980 but don't have the hard statistics to back the claim.

Meanwhile, Seven-Up continues with the campaign created by its new agency, N W Ayer with the theme, *America's turning Seven Up*. New commercials have been added to the series — and in radio, some sports celebrity sportspersons. But the theme

like a car with three wheels."

The question is whether Seven-Up will make a move in the direction of cola in 1981. It is over a year since the company purchased Dixie Cola, a small regional brand, but has as yet done little to exploit the expansion possibilities made possible by that acquisition.

Another indication of seriousness at Seven-Up was the restructuring of the marketing and media team at the com-

pany in each market," Countryman said.

It would appear that Seven-Up's 1980 budget was down slightly from 1979 levels, which probably accounts for the departure of magazines from the media mix, although they were used for Diet Seven-Up.

Countryman declined to comment on 1981 plans, but they will probably include a slightly larger budget, and a pattern in broadcast similar to 1980's. If some new flavor products are up for introduction in 1981, it could mean a diversion of funds from the parent brand to support the cost of test market operations.

Dr Pepper

The growth darling of the industry has apparently come of age. Since the mid 1970's, Dr Pepper had expanded its sales at a rate twice that of the rest of the industry. But as the 1980's began, Dr Pepper's growth surge levelled off. Sales were keeping pace with the industry.

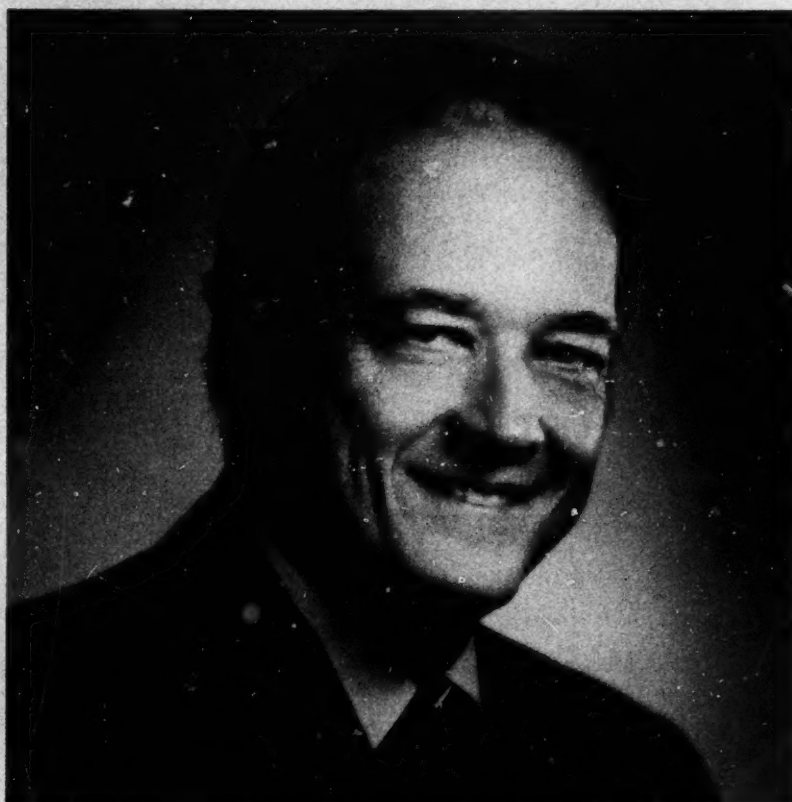
Apparently Dr Pepper was spending more in media to sustain its growth rate. Spending for the first half of 1980 totalled \$6,563,600, as compared with \$4,896,800 in the same period the year before. That jump in spending in LNA measured media was focused in television, where Dr Pepper expanded its presence.

Creative for the beverage has departed from the stunningly different campaigns of the growth period to the more sedate *Be a Pepper*, which verges from product identification into some aspects of a youthful lifestyle.

The key question facing the company in 1981 is where it will place its marketing emphasis: in seeking greater domestic sales, or a move to develop overseas markets. In past years, Dr Pepper management has believed that it could expand business indefinitely in the domestic market. But to regain the momentum of the years prior to 1980 will require a higher level of media activity and a more pungent creative campaign that was evident in 1980.

Canada Dry

Perhaps it was the mineral water explosion that stirred Canada Dry to new activity in its markets. Possibly it was the aggressive posture taken by Schweppes in recent years. But whatever it was, Canada Dry got busy.



"Spot radio became our first local medium in 1980. We built our plan around it." Ralph Countryman, Seven-Up.

remains unchanged.

Seven-Up's expenditures appeared to have declined in 1980, with the first half in LNA measured media down from \$15,695,500 in 1979 to \$12,600,400 in the first half of last year. Magazines, were cut from the schedule completely, and spot television, which was down about \$600,000.

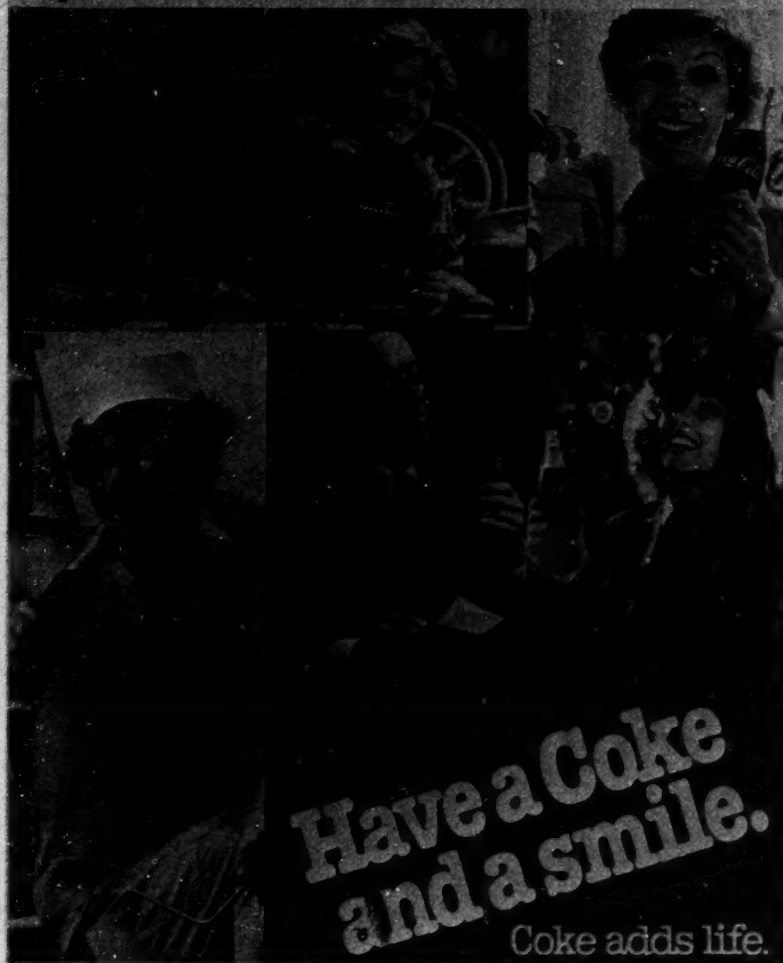
Industry observers suggest that the future growth of Seven-Up depends on its ability to become a full flavor soft drink operation. A high ranking Seven-Up executive recently stated at an east coast convention that "a soft drink company without a cola flavor is

company last year. Among those brought in to add muscle to the operation was Ralph Countryman, who had been media operations coordinator at Coca-Cola USA. He explained Seven-Up's media strategy:

"We used a substantial amount of radio this year. Spot radio became our first local medium. We built our plan around it. We bought spot radio in our local markets before we bought spot tv. Then we went step by step, as the budget allowed, to add another media.

While we do consider network television from the point of view of the best possible efficiencies, what we do is to put together the best media mix

BETWEEN THE HUSTLE AND THE BUSTLE, SQUEEZE IN SOME REFRESHMENT.



Coke uses black and white full page ads in beverage trade publications stressing the theme of its consumer ad campaign.

First half spending more than doubled over the previous year, and Canada Dry made its presence felt in network television in that period, which it hadn't done in the year before.

With a multiplicity of flavors, Canada Dry advertising is broadly spread, but in 1980, it was soda water that got the lion's share of attention. French actor and bon vivant Louis Jourdan became the spokesman for club soda, touting it as sparkling and refreshing.

Canada Dry also managed a good defense when it challenged a series of

full page ads from Poland Springs, that made odious comparisons between the water from Maine and club soda. Poland Springs withdrew the ads.

After several years of dormancy, Canada Dry may be ready to develop the potential for its broad flavor line. Network television spots have focused on the flavor line and establishing brand registration. However, creative has made little effort to meet the competition on its home ground, developing associations with active and youthful lifestyles.

Considerable financial infusions would be necessary to transform the

image of Canada Dry in both the creative and media strategy areas of performance.

Crush International

Many eyebrows were raised last summer when Procter & Gamble bought Crush International after strenuous acquisition competition from Dr Pepper. It put P&G into yet another segment of the packaged good business.

In years past, Crush has been a marginal contender with its three Crush flavors: orange, grape and strawberry; Hires Root beer; and citrus brand, Sundrop. It is P&G's avowed intention to "build the business of the current Crush brands."

Since the acquisition, P&G made only one major personnel change at Crush, with the appointment of Richard S. Gurin as general manager. Previously, Gurin had been national sales manager for the food products division.

P&G certainly has room to build national distribution for Crush and Hires. Crush is distributed 72% of the country, and Hires in 60%. Sundrop has its broadest distribution in the South.

One of the first actions at P&G was to change agencies, dropping Lee King & Partners for Cunningham & Walsh, in New York. Stronger creative should be at least one of the results of that switch.

A heavier media presence may also be expected from Crush, once its new creative comes on line. Expenditures in previous years have been under \$3 million. Last year, Crush spent \$1,569,000 in LNA measured media. Spot tv took \$1,217,200, network only \$148,000.

Most likely, P&G will put its primary efforts into expanding distribution into a more truly national system to get the efficiencies of network television, which has been the mainstay of P&G's overall media strategy for the past two decades.

Anheuser-Busch

Can the undisputed leader of the beer industry in the U.S. successfully introduce and market a soft drink? That's the question Anheuser-Busch is trying to answer in the affirmative.

A-B's first shot at the market was Chelsea, a citrus flavor that contained

a smidgeon of alcohol. While the beverage was still in test market, enough objections to an alcoholic "soft drink" were raised to embarrass A-B into withdrawing the product.

Undaunted, A-B soothed its ruffled feathers and tried again, this time with a root beer.

Root 66 went into test market last summer. The report from A-B is that the product "performed reasonably well," and gave senior management enough encouragement to expand the number of test markets in 1981. Last year's markets included Sacramento and Peoria.

Test market media activity was limited to spot television, newspapers, and spot radio. More money is indicated this year, but a roll-out for the product is likely to be gradual and preceded by cautious evaluation.

1981 probably isn't the year for a Root 66 rollout, but if all goes well, the following year will probably be the time for national marketing and media plans. Even so, it won't be easy for Root 66 to buck the rootbeer experi-



Canada Dry made a heavy commitment to magazines in 1980, using trade ads as well as a consumer publication list.

ence of A&W, and Canada Dry's efforts in behalf of Barrelhead, not to mention whatever P&G decides to do with Crush's Hires brands.

Schweppes

While Canada Dry wasn't looking, Schweppes began creeping up with a growing media presence. In 1979, Schweppes put close to \$6 million behind its two brands, the tonic water and the citrus flavored Rondo. Multi-product advertising was the favored method for creative.

Spot television was the primary medium, taking \$4.5 million of the total, while network tv weighed in at \$472,300. Small amounts of outdoor were also applied.

The distribution pattern has thus far kept Schweppes out of the efficiencies of national media. However, John Onthank, president of Schweppes U.S.A. Ltd., commented that "for all practical intents and purposes, we are national."

Media selection for 1981, he said, will be focused in network and spot television, spot radio, and in markets where its use is favorable, outdoor.

While declining to give a percentage breakout of media use, he said that the pattern probably won't diverge much.

Royal Crown

Once one of the major names in the soft drink market, Royal Crown has

lost ground over the years. The company has been in the difficult position of trying to match the life style commercial efforts of its heavy spending competitors with about 20% of their available funds.

RC changed agencies last year, moving out of Ogilvy & Mather in Chicago over to The Don Tennant Co. And as in the past, the new campaign attempted to develop a distinctive positioning for the brand. The question is how many people identify with hang gliding?

The media budget was down by almost a third in the first half of 1980, from \$3,870,700 to \$2,766,200. That move eliminated the use of network tv in the first half of the year but kept the use of spot tv at the same level as the year before, minus the deductible of inflation. RC did get into network tv in a small way in the third quarter.

While RC does manage to stretch its advertising dollars a long way in terms of creative and media, but the competition is becoming increasingly formidable as RC's resources are apparently shrinking. Most industry observers put its best hopes for success on RC 100 brand.

Conclusions

Media budgets will probably continue to rise at a rate equal to or greater than inflation in 1981, as competition remains keen between the top established brands, and the challengers continue to expand their efforts to win a greater market share.

C&C Cola will continue to open new markets and expand its commitment to spot television and newspapers. King Cola, with its franchises mostly taken, may actually get the national media plan it has promised underway this year.

Sunkist, although it was spending less last year than in its introductory year in 1979, may be close enough to national distribution, and feel enough pressure from the Orange Crush threat, to mount a sizeable national media campaign.

While most eyes will continue to watch the Coke, Pepsi and Seven-Up battle, the marketing skirmishes developing on the lower tiers of the carbonated soft drink business promise plenty of activity.

— Fred Gardner

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and
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